



[4830-01-p]

## DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9784]

RIN 1545-BM05

Definition of Real Estate Investment Trust Real Property; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains corrections to final regulations (TD 9784) that were published in the **Federal Register** on Wednesday, August 31, 2016 (81 FR 59849). The final regulations that clarify the definition of real property for purposes of real estate investment trust provisions of the Internal Revenue Code (Code).

DATES: This correction is effective **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]** and is applicable on or after August 31, 2016.

FOR FURTHER INFORMATION CONTACT: Julianne Allen of the Office of Associate Chief Counsel (Financial Institutions and Products) at (202) 317-6945 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

### **Background**

The final regulations (TD 9784) that are the subject of this correction are under section 856 of the Internal Revenue Code.

## Need for Correction

As published, the final regulations (TD 9784) contain errors that may prove to be misleading and are in need of clarification.

## List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

## Correction of Publication

Accordingly, 26 CFR Part 1 is corrected by making the following correcting amendments:

## PART 1 - INCOME TAXES

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

**Par. 2.** Section 1.856-10(g) is amended by revising the first sentence of Example 10 paragraph (iv) and revising the fourth sentence of Example 10 paragraph (v) to read as follows:

§ 1.856-10 Definition of real property.

\* \* \* \* \*

(g) \* \* \*

Example 10. \* \* \*

\* \* \* \* \*

(iv) The factors described in this paragraph (g) Example 10 (iii)(A) through (C) and (iii)(E) through (H) support the conclusion that the isolation valves and vents and pressure control and relief valves are structural components of REIT J's pipelines within the meaning of paragraph (d)(3) of this section and, therefore, are real property. \* \* \*

\* \* \* \* \*

(v) \* \* \* The meters and compressors do not serve the pipelines in their passive function of providing a conduit for the natural gas, and are used in connection with the production of income from the sale and transportation of natural gas, rather than as consideration for the use or occupancy of space within the pipelines.

\* \* \* \* \*

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